

Message Text

PAGE 01 STATE 172821
ORIGIN EB-08

INFO OCT-01 ISO-00 ONY-00 /009 R

DRAFTED BY EB/OT/TA:WTAGLIANI:ME
APPROVED BY EB/OT:SAHMAD
EB/OT/TA:DPATTERSON
DESIRED DISTRIBUTION
EB ONLY

-----067287 081830Z /45

O 081805Z JUL 78 ZFF4
FM SECSTATE WASHDC
TO USMISSION GENEVA NIACT IMMEDIATE

C O N F I D E N T I A L STATE 172821

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: WITHDRAWALS LISTS

PASS DAS BARRACLOUGH AND HARRY KOPP

1. ON THURSDAY AND FRIDAY STAFF LEVEL COMMITTEE, CHAIRED BY HEIMLICH, WENT OVER STR WITHDRAWAL LISTS I, II, IIIA AND IIIB. LISTS WERE SUBSTANTIALLY SIMILAR TO THOSE YOU CARRIED. FRIDAY AFTERNOON, IN ABSENCE OF HEIMLICH, COMMERCE, LABOR, TREASURY AND STATE AGREED TO A NUMBER OF CHANGES IN THESE LISTS, WHICH WERE TO BE INCORPORATED BY COMMERCE LAST NIGHT AND HANDCARRIED TO GENEVA TODAY BY HEIMLICH. FOLLOWING IS HASTY ANALYSIS WE HOPE MAY ASSIST YOU IN YOUR CONSIDERATION OF THESE LISTS.

CONFIDENTIAL

PAGE 02 STATE 172821

2. DUE TO A COMPUTER BREAKDOWN AT STR THE FOLLOWING ITEMS ARE NOT REFLECTED IN FIGURES GIVEN BELOW: (A) ONLY PART OF THE TEXTILE WITHDRAWALS ARE INCLUDED; (B) THE EFFECT OF THE STEEL WITHDRAWALS WAS UNDERESTIMATED; (C) AUTOS WILL BE CUT FROM 3.0 TO 2.5 INSTEAD OF THE 3.0 TO 2.0 CUT REFLECTED IN THESE FIGURES. THESE THREE ITEMS DECREASE THE OVERALL DEPTH OF CUT 2.5 TO 3.0 PERCENTAGE POINTS BEYOND WHAT IS INDICATED HERE. JAPAN WILL TAKE THE BRUNT OF THESE CHANGES.

GLOBAL 1976 INITIAL DEPTH OF REV OFFER DEPTH OF

	AVE	OFFER	CUT	AVE	CUT
	AVE				
US TO WORLD	8.1	4.6	42	4.85	40.59
EC TO WORLD	9.8	5.8	41	6.7	32
JAPAN TO WORLD					
(GATT)	10.8	6.3	42	5.7	47
JAPAN TO WORLD					
(APPLIED)	6.9	6.3	9	5.7	17
CANADA TO WORLD					
(GATT)	15.5	9.5	39	N/A	N/A
CANADA TO WORLD					
(APPLIED)	13.1	9.5	27	N/A	N/A

BILATERAL

US TO EC	6.8	3.2	52	3.4	50
EC TO US	9.0	5.6	38	6.2	31
US TO JAPAN	6.7	3.3	49	3.9	42
JAPAN TO US					
(GATT)	11.4	6.0	47	5.1	55
JAPAN TO US					
CONFIDENTIAL					

PAGE 03 STATE 172821

(APPLIED)	7.5	6.0	20	5.1	32
US TO CANADA	5.5	2.0	6L	2.5	54
CANADA TO US					
(GATT)	14.9	8.8	41	N/A	N/A
CANADA TO US					
(APPLIED)	12.0	8.8	27	N/A	N/A

WITHDRAWAL GLOBAL	LIST I	DEPTH OF	LIST II	DEPTH OF
AVE	CUT	AVE	CUT	

US TO WORLD	4.85	35.39	5.67	30.58
-------------	------	-------	------	-------

WITHDRAWAL BILATERAL

US TO EC	3.97	42	4.50	34
US TO JAPAN	4.59	32	4.89	27
US TO CANADA	2.75	50.0	3.58	35

3. IF STR'S CATEGORY I WITHDRAWALS ARE TABLED OUR OFFER TO JAPAN WILL DETERIORATE SUBSTANTIALLY. THE REVISION OF THE US OFFER INCREASED THE OVERALL AVE TO JAPAN FROM 3.3 PERCENT TO 3.9 PERCENT. THE FIRST WITHDRAWAL LIST FURTHER INCREASES THIS TO 4.59. THIS DOES NOT COUNT THE ADDITIONAL CUTS IN AUTOS, STEEL, AND TEXTILES THAT ARE INCLUDED IN

LIST I BUT NOT REFLECTED IN THESE FIGURES. JAPAN WILL BE HARD-PRESSED TO JUSTIFY FURTHER IMPROVEMENTS IN THEIR

OFFER IF THESE WITHDRAWALS ARE IMPLEMENTED.

- ALL OF OUR CATEGORY I WITHDRAWALS HIT JAPAN VERY HARD. SOME OF THESE WITHDRAWALS, IN OUR VIEW, COULD BE SHIFTED TO LIST II.

(A) STEEL

CONFIDENTIAL

PAGE 04 STATE 172821

- IN OUR VIEW, ALL WITHDRAWALS FROM GTF CUTS TO FORMULA CUTS CAN REMAIN ON LIST I, ALL WITHDRAWALS FROM FORMULA TO LTF WITHDRAWALS SHOULD GO TO LIST II, AND GTF TO LTF WITHDRAWALS SHOULD GO TO LIST IIIA.

(B) AUTOS

- THIS IS VERY DIFFICULT POLITICALLY BUT WE BELIEVE WE SHOULD LEAVE OURSELVES THE OPTION OF CUTTING FROM 3.0 TO 2.0 INSTEAD OF 3.0 TO 2.5. OTHER AUTOMOTIVE ITEMS ARE ALSO SENSITIVE, BUT NOT SO MUCH AS CARS. THESE OTHERS SHOULD BE SHIFTED TO IIIA, RECOGNIZING THAT SOME WITHDRAWALS WILL HAVE TO BE MADE IN THE END.

(C) PLASTICS

- THESE ITEMS ARE CURRENTLY SPLIT BETWEEN LISTS I AND II. THEY SHOULD, IN OUR VIEW, ALL BE ON LIST II AND BE SUBJECT TO THE CONDITION AGREED TO AT THE INTERAGENCY MEETING ON WITHDRAWALS (DETAILS BELOW). IF THIS CONDITION IS FULFILLED WE SHOULD BE ABLE TO SELL THIS PART OF THE AGREEMENT TO CONGRESS GIVEN ALL THE OTHER CHEMICAL WITHDRAWALS WE ARE MAKING. IF THESE ITEMS ARE ON LIST I WE HAVE A GOOD CHANCE OF GETTING FURTHER IMPROVEMENTS FROM JAPAN.

4. LIST I DROPS OUR OFFER TO THE EC EIGHT PERCENTAGE POINTS DEPTH OF CUT, NOT INCLUDING THE ADDITIONAL WITHDRAWALS ON AUTOS, STEEL AND TEXTILE ITEMS. HOWEVER, OUR OFFER WILL ONLY DROP ABOUT 2 POINTS THE WAY THE EC CALCULATES IT, FROM 31 TO 29, BECAUSE MOST OF OUR WITHDRAWALS ARE GTF CUTS. IMPROVEMENTS IN ASP CHEMICALS AND WATCHES WILL COUNTERBALANCE THIS SOMEWHAT. LIST II IS MORE
CONFIDENTIAL

PAGE 05 STATE 172821

SERIOUS, AND IF IMPLEMENTED, IT WILL CERTAINLY PRECIPITATE FURTHER WITHDRAWALS BY THE EC. THE CONSENSUS OF THE STAFF LEVEL PEOPLE WHO PUT THESE CATEGORY II CONDITIONAL WITHDRAWALS TOGETHER WAS THAT THE CONDITIONS WOULD ALMOST
DRAWALS TOGETHER WAS THAT THE CONDITIONS WOULD ALMOST

CERTAINLY NOT BE MET IN MOST CASES. MANY OF THE CATEGORY II WITHDRAWALS WOULD THEREFORE BE IMPLEMENTED IF WE AGREE TO THE CONDITIONS.

5. EVEN SOME OF THE IIIA WITHDRAWALS ARE CONSIDERED ESSENTIAL BY STR, COMMERCE AND LABOR. AS MANY OF THE CATEGORY II WITHDRAWALS AS POSSIBLE MUST THEREFORE BE RESISTED OR OUR DEPTH OF CUT WILL DROP PRECIPITOUSLY AT THE END OF THE DAY.

6. CANADA IS NOT HURT TOO BADLY BY THE PROPOSED WITHDRAWALS.

7. FOLLOWING ARE CHANGES IN THE LIST OF WITHDRAWALS THAT WERE AGREED TO BY STATE, COMMERCE, TREASURY AND LABOR.

ISAC 8 - RUBBER AND PLASTIC

- ONE ITEM 445.40.40, VINYL RESINS, WAS ADDED BY COMMERCE AND LABOR TO THE CATEGORY I WITHDRAWALS. ITEM 446.15, SYNTHETIC RUBBER, WAS DOWNGRADED FROM II TO IIIA. ITEMS 770.05, 770.10, 770.45, AND 770.80 LAMINATED PLASTICS WERE ADDED TO CATEGORY II. ITEMS 772.48 AND 772.57 WERE ADDED TO IIIA. THE CONDITION ON ALL CATEGORY II ITEMS WAS CHANGED TO THE FOLLOWING: THE EC, JAPAN, CANADA, AND THE US SHOULD HARMONIZE AT 8 PERCENT ON THESE ITEMS. FOR ALL RATES BELOW 8 PERCENT THE US WILL MAKE A FORMULA CUT IF THE CONDITION IS FULFILLED. WE SHOULD DO THIS IN ANY CASE. ON THE CATEGORY I ITEMS COMMERCE AND LABOR WANT THE REVISED RATE TO BE A FULL CUT.

CONFIDENTIAL

PAGE 06 STATE 172821

ISAC 10 - STONE, CLAY AND GLASS

- LABOR HAD SOME THROWAWAY ITEMS ADDED TO THE IIIB LIST. SINCE THE TARIFF NEGOTIATIONS WOULD COLLAPSE BEFORE IIIB SAW THE LIGHT OF DAY WE ARE NOT INCLUDING LABOR'S ADDITIONS. ITEMS 543.21, 543.23 AND POSSIBLY 543.27 ARE BEING REVIEWED. POSSIBLE FRAUD ON THE PART OF FOREIGN PRODUCERS MAY HAVE DEFLATED THE AVE'S ON THESE ITEMS.

ISAC 12 - NON-FERROUS METALS

- ITEMS 624.02 AND 624.03, UNWROUGHT LEAD, WERE TAKEN OFF THE WITHDRAWAL LIST. THE REVISED RATE FOR 624.42 WAS CHANGED TO 6.2 PERCENT. THE CONDITION ON ITEMS 612.15-.20 COPPER MASTER ALLOYS WAS CHANGED TO THE GENERAL CONDITIONS ON PAGE 1 OF THIS ISAC. ITEM 628.55 UNWROUGHT MAGNESIUM WAS CHANGED FROM CATEGORY II TO CATEGORY IIIA.

ISAC 15 - CONSTRUCTION, AGRICULTURE, MININ; EQUIPMENT

- ALL ITEMS IN THIS ISAC WERE CHANGED TO CATEGORY IIIB.

ISAC 16 - OFFICE AND COMPUTING EQUIPMENT

- ITEM 676.50 TYPEWRITER PARTS WAS CHANGED FROM CATEGORY II TO CATEGORY IIIB. ITEM 676.07, AUTOMATIC TYPEWRITERS, WAS CHANGED FROM CATEGORY II TO IIIA.

ISAC 17 - MACHINE TOOLS AND INDUSTRIAL MACHINERY

- THE 59 ITEMS ON STR'S LIST WERE REDUCED TO 38, LEAVING THE FOLLOWING: SIX CUTTING TOOL ITEMS (649.43 44, 46, 48, 49, AND 53), THREE PUMP/COMPRESSOR ITEMS
CONFIDENTIAL

PAGE 07 STATE 172821

(660.94, 661.12, 661.15), TWO PACKAGING MACHINE ITEMS (662.10 AND 15), TWO PRINTING EQUIPMENT ITEM (668.32 AND 34), PRINTING TYPES (668.36), SEVEN TEXTILE MACHINERY ITEMS (670.06, 12, 56, 66, 68, 70, 7B) TWO CLEANING MACHINE ITEMS (670.40 AND 41), THREE MACHINE TOOL ITEMS (674.30, 35, 42), CUTTING MACHINES (674.40), TOOL HOLDERS (674.50), METALWORKING PARTS (674.52), PART OF ONE FIVE-DIGIT MACHINE TOOL ITEM (674.5340/60/80), TWO HAND TOOL ITEMS (674.60 AND 75), 3 SPEED CHANGER ITEMS (680.45, 47, AND 48), MACHINERY PARTS (680.90), FORK LIFTS (692.40), AND FOOD CHOPPERS (649.57).

ISAC 25 - AUTOMOTIVE EQUIPMENT

- ITEM 692.02 IS ALSO LINKED TO THE CHICKEN WAR.

8. WE HAVE NOT YET SEEN SPECIFIC PROPOSAL FOR WITHDRAWALS ON TEXTILES. WE UNDERSTAND THEY INVOLVE RATIONALIZATION WHICH MAY IMPROVE THE OFFER ON CERTAIN ITEMS BUT THAT THE OVERALL EFFECT IS TO REDUCE DEPTH OF CUT IN THIS SECTOR BY ONE THIRD. IF SO, THIS WOULD MEAN THAT OUR PRESENT AVERAGE OF 24 PERCENT WOULD BE REDUCED TO ABOUT 20 PERCENT INSTEAD OF THE 18 PERCENT IN OUR INITIAL OFFER. YOU HAVE A BRIEFING PAPER DISCUSSING AREAS IN WHICH YOU MIGHT PRESS FOR IMPROVEMENTS. WE STRONGLY FEEL THAT WE SHOULD MAINTAIN OUR OVERALL OFFER AS WELL AS SEEK IMPROVEMENTS IN ITEMS OF NEGOTIATING INTEREST WITH THE EC AND JAPAN. GOOD LUCK. VANCE

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 26 sep 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXCEPTIONS LIST
Control Number: n/a
Copy: SINGLE
Draft Date: 08 jul 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE172821
Document Source: ADS
Document Unique ID: 00
Drafter: EB/OT/TA:WTAGLIANI:ME
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: D780280-1203
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197807106/baaaezeb.tel
Line Count: 266
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: a16e566b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 aug 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1856805
Secure: OPEN
Status: NATIVE
Subject: WITHDRAWALS LISTS
TAGS: ETRD
To: GENEVA NIACT
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a16e566b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014